

## State Corporation Commission 2018 Fiscal Impact Statement

**1. Bill Number:** SB864

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Sturtevant

**3. Committee:** Rules

**4. Title:** State Corporation Commission study of cryptocurrencies; report.

**5. Summary:** Directs the State Corporation Commission to conduct a study of the effects of the growth of cryptocurrencies. The Commission shall report its findings to the members of the General Assembly by December 1, 2018.

**6. Budget Amendment Necessary:** Yes. Item 477 (which contains the Bureau of Financial Institutions' appropriation) in 2018-2020 Biennium Budget Bill should be amended. See Item 8.

**7. Fiscal Impact Estimates:** Estimates Are Preliminary – See Item 8.

**8. Fiscal Implications:** Cryptocurrencies, digital currencies and virtual currencies are created and stored electronically in blockchains, which are distributed public databases that keep a permanent record of digital transactions. Unlike traditional currency, these alternatives have no physical form and typically are not backed by tangible assets. They are not insured or controlled by a central bank or other governmental authority. Various information technology research and advisory firms have provided publicly available information on the growth and technology of virtual currency.

The State Corporation Commission (SCC) staff does not possess the expertise to complete such a study. Accordingly, the SCC would need to engage third-party “subject matter experts” to assist in the study. It is estimated that two outside “subject matter experts” in the range of \$300/\$400 per hour for approximately six months (1,000 hours), for a total cost of approximately \$700,000, will be needed. As there appears to be no revenue source to cover the costs of this study, expenses would be passed on to the industries currently regulated and supervised by the State Corporation Commission.

**9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission

**10. Technical Amendment Necessary:** No.

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**11. Other Comments:** None.

01/29/18 EJF